

**NOTICE OF INTENT**  
**Department of Insurance**  
**Office of the Commissioner**

Rule No. 9—Pre-Licensing Requirements;  
Education Advisory Council  
(LAC 37:X1.Chapter 5)

Under the authority of the Louisiana Insurance Code, R.S. 22:1 et. seq., and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Insurance gives notice that it intends to amend and re-enact its existing Rule 9. This intended action complies with the statutory law administered by the Department of Insurance.

The proposed amendments are needed to make certain changes and to clarify current language. The proposed amendments affect the following sections of LAC 37:X1, 505, 507, 509, 511, 517, 527, and 529. In the past, the Rule, as published in the *Register*, showed the text of two forms labeled and referenced as Section 527, Appendix 1, and Section 529, Appendix 2, respectively. These forms were not originally intended to be part of the Rule proper and although repealed from the Rule's text, they will continue to be readily available to pre-licensing education providers through the Department of Insurance.

**Title 37**

**INSURANCE**

**Part XI. Rules**

**Chapter 5.     Rule Number 9 - Pre-Licensing  
Requirements; Education Advisory  
Council**

**§505.   Effective Date**

A. The original effective date of this rule was July 1, 1989. The re-promulgated rule shall become effective upon final publication in the *Louisiana Register*

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1191.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 15:548 (July 1989), amended LR 20:1388 (December 1994), LR 27:

**§507.   Course Requirements**

A. Life, Health, and Accident

1. All applicants for life, health, and accident licenses as an agent are hereby required to complete a course of instruction with a minimum of 16 hours of supervised instruction in a structured setting. If applying for a combination life, health and accident license all applicants must complete the full 32 hours of life, health and accident instruction.

2. The curricula for the life instruction shall include the following:

- a. insurance regulation;
- b. general insurance;
- c. life insurance basics;
- d. life insurance policies;
- e. life insurance policy provisions, options and riders;
- f. annuities;

g. federal tax considerations for life insurance and annuities;

h. qualified plans.

3. The curricula for the Health and Accident instruction shall include the following:

- a. insurance regulation;
- b. general insurance;
- c. health insurance basics;
- d. individual health insurance policy provisions;
- e. disability income and related insurance;
- f. medical expense plans;
- g. group health insurance;
- h. dental insurance;
- i. insurance for senior citizens and special needs individuals;

j. federal tax considerations.

**B. Property and Casualty**

1. All applicants for property and casualty licenses as agent, broker, or solicitor are hereby required to complete a course of instruction with a minimum of 32 hours of supervised instruction in a structured setting.

2. The curricula shall include the following:

- a. insurance regulation;
- b. general insurance;
- c. property and casualty insurance basics;
- d. dwelling policy (Louisiana specific);
- e. homeowners ('91) policy;
- f. auto insurance;
- g. commercial package policy;
- h. business owners ('89) policy;
- i. workers' compensation insurance;
- j. other coverage and options.

**C. Satisfactory Completion of the Instructional Program.** Upon completion of the prescribed course of instruction, the applicant shall be tested by the provider of the program.

**D. Exemptions.** The requirement for the completion of the instructional course does not apply to any applicant who is exempt from the requirement of an examination under R.S. 22:1167 or any applicant seeking authorization to write industrial fire insurance business only.

**E. Concurrent Instructional Courses.** When concurrent instructional courses for both life, accident, and health and property and casualty are conducted, the repetition of ethical practices and other topics which are redundant shall be waived. However, this does not reduce the minimum required hours of instructional training set forth by the statute.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1191.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 15:548 (July 1989), amended LR 20:1388 (December 1994), LR 27:

**§509. Provider Requirements**

A. - A.2. ...

3. Completion of the Department's pre-licensing provider application, for the initial certification of director/supervising instructor to be used in accordance with the requirements and qualifications of instructors set forth herein.

A.4. - C. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1191.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 15:548 (July 1989), amended LR 20:1388 (December 1994), LR 27:

**§511. Instructor Qualifications**

A. - A.4. ...

5. All instructors must possess the necessary qualifications to enable them to teach the program and to present the instructional material. Special consideration may be granted by the Commissioner or the Council with Commissioner's approval, where it is felt that the specific background of the instructor warrants such consideration. The qualifications for instructors shall include, as a minimum, the following:

a. for supervising instructors, five5 years of insurance and/or educational experience satisfactory to the commissioner and council;

5.b. ...

c. The Commissioner shall have the authority to waive this requirement after a public hearing to determine the applicant's qualifications has been held and findings of such hearing warrant such a waiver.

6. For all instructors, except those specified in §511.A.2, the supervising instructor shall obtain and submit a Pre-Licensing Instructor Application form for each instructor who will participate in the instructional course.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1191.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 15:548 (July 1989), amended LR 20:1388 (December 1994), LR 27:

**§517. Course Completion**

A. - B. ...

C. The provider must maintain computer records of course completion in a format compatible with Insurance Department specifications to facilitate the electronic reporting and transfer of attendance information from the provider to the department.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1191.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 15:548 (July 1989), amended LR 20:1388 (December 1994), LR 27:

**§527. Appendix 1**

Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1191.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 15:548 (July 1989), amended LR 20:1388 (December 1994), LR 27:

**§529. Appendix 2**

Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1191.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 15:548 (July 1989), amended LR 20:1388 (December 1994), LR 27:

**Family Impact Statement**

The proposed amendments to Rule 9 should have no measurable impact upon the stability of the family. The proposed amendments to Rule 9 should have no impact upon the rights and authority of parents regarding the education and supervision of their children. The proposed amendments to Rule 9 should have no direct impact upon

the functioning of the family. The proposed amendments to Rule 9 should have no direct impact upon family earnings and budget. The proposed amendments to Rule 9 should have no impact upon the behavior and personal responsibility of children. The proposed amendments to Rule 9 should have no impact upon the ability of the family or a local governmental unit to perform the function as contained in the rule.

On May 28 2001, at 10 a.m., the Department of Insurance will hold a public hearing in the Plaza Hearing Room of the Insurance Building located at 950 N. 5<sup>th</sup> Street, Baton Rouge, Louisiana, 70804 to discuss the proposed amendments as set forth.

J. Robert Wooley  
Acting Commissioner of Insurance

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

**RULE TITLE: Rule No. 9—Pre-Licensing  
Requirements; Education Advisory Council**

**I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO  
STATE OR LOCAL GOVERNMENT UNITS (Summary)**

It is not anticipated that the amendments to Rule 9 would result in any implementation costs or savings to local or state governmental units.

**II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE  
OR LOCAL GOVERNMENTAL UNITS (Summary)**

The proposed amendments to Rule 9 should have no effect on revenue collections of local or state governmental units.

**III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO  
DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL  
GROUPS (Summary)**

There may be some savings to persons seeking a life only license or an accident and health only license; they would be required to take only sixteen (16) hours of pre-licensing education as opposed to 32 hours required for a life, accident and health license or a property and casualty license. It is impossible to state how many persons would elect to have this more limited license, or what the cost of the pre-licensing courses would be. Course providers set their own prices for courses. DOI has no involvement in setting the prices for the pre-licensing courses.

**IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT  
(Summary)**

The proposed amendments to Rule 9 should have no impact on competition and employment.

Chad Brown  
Deputy Commissioner  
Management and Finance  
0104#025

H. Gordon Monk  
Staff Director  
Legislative Fiscal Office

APPENDIX 1

PRELICENSING PROVIDER APPLICATION

TO: STATE OF LOUISIANA  
 COMMISSIONER OF INSURANCE  
 LICENSING DIVISION  
 P.O. BOX 94214  
 BATON ROUGE, LOUISIANA 70804-9214

APPLICATION FOR APPROVAL AS A PRELICENSING  
 PROVIDER OF INSURANCE COURSES PURSUANT TO  
 ACT 840 OF THE 1988 REGULAR LEGISLATIVE SESSION

NAME OF PROVIDER \_\_\_\_\_

ADDRESS \_\_\_\_\_

CONTACT PERSON \_\_\_\_\_

TELEPHONE NUMBER \_\_\_\_\_

(ATTACH THE ITEMS LISTED BELOW)

- 1) COURSE OUTLINE (GIVING TIME ALLOTTED TO EACH SUBJECT)
- 2) LIST OF RESOURCE MATERIAL
- 3) RESUME OF SUPERVISING INSTRUCTOR OR DIRECTOR
- 4) DESCRIPTION OF TRAINING FACILITIES TO BE USED
- 5) CLASS SCHEDULES AND LOCATIONS
- 6) COST TO PARTICIPATE

\_\_\_\_\_  
 (PROVIDER)

\_\_\_\_\_  
 (SIGNATURE OF PROVIDER REPRESENTATIVE)

\_\_\_\_\_  
 (DATE)

FOR DEPARTMENT USE ONLY

APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

DISAPPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

## APPENDIX 2

## PRELICENSING INSTRUCTOR APPLICATION

APPLICATION FOR APPROVAL AS AN INSTRUCTOR OF  
PRELICENSING INSURANCE COURSES PURSUANT TO  
ACT 840 OF THE 1988 REGULAR LEGISLATIVE SESSION

PROVIDER \_\_\_\_\_

INSTRUCTOR \_\_\_\_\_

ADDRESS \_\_\_\_\_

PHONE \_\_\_\_\_

OCCUPATION \_\_\_\_\_

QUALIFICATIONS \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I have \_\_\_\_\_ or have not \_\_\_\_\_ received disciplinary action for insurance  
related practices by the Louisiana Insurance Department, the Insur-  
ance Department of another state, or any similar regulatory body or  
court.

\_\_\_\_\_  
Signature of Instructor\_\_\_\_\_  
Signature of Supervising  
Instructor

## FOR DEPARTMENT USE ONLY

APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

DISAPPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**CHECKLIST/INSTRUCTIONS FOR PROVIDER OF  
INSURANCE COURSES/APPLICATION FOR APPROVAL AS A  
PROVIDER OF INSURANCE COURSES**

**COURSE OUTLINE**

Provider should submit a course outline of sufficient detail to allow a determination of:

- Course Content — Comprehensive Curriculum  
(Course compliance with 14 required subjects)
- Course Organization  
(Course structure and time allocations)

EVALUATION: Acceptable — Marginal — Unacceptable —

**RESOURCE MATERIALS**

Provider should submit resource materials as necessary to allow a determination of:

- Materials Technical Adequacy/Accuracy  
(Materials provide proper information)
- Materials Presentation Format  
(Materials effectively present information)

Materials submitted should include study manuals, workbooks, exams, and other similar materials.

EVALUATION: Acceptable — Marginal — Unacceptable —

**RESUME OF SUPERVISING DIRECTOR**

Provider should submit supervising director resume information adequate to allow a determination of:

- Education and Credentials  
(Qualifications for providing instruction)
- Experience  
(History of providing insurance education)
- Verification of instructor qualifications

EVALUATION: Acceptable — Marginal — Unacceptable —

**DESCRIPTION OF TRAINING FACILITIES**

Provider should submit description of training facilities adequate to allow a determination of:

- Description of Facilities  
(Location, floorplan, and nature of facilities)
- Educational Facilities  
(Instructional equipment and facilities)

**CLASS SCHEDULES AND LOCATIONS**

Provider should submit class schedules and locations adequate to allow a determination of:

- Availability of Program to Students  
(Dates and locations of program)
- Availability of Program for Inspection  
(Allow for Insurance Department inspections)

EVALUATION: Acceptable — Marginal — Unacceptable —

**OVERALL EVALUATION — IEAC RECOMMENDATION**

EVALUATION: Acceptable — Marginal — Unacceptable —

COMMENTS: \_\_\_\_\_

\*\*\*ALL PROVIDERS OF INSURANCE COURSES MUST COMPLY WITH ALL PROVISIONS OF THE RULE OF THE LOUISIANA DEPARTMENT OF INSURANCE AND THE INSURANCE EDUCATION ADVISORY COUNCIL FOR PROVIDERS OF INSURANCE COURSES.

INSURANCE EDUCATION ADVISORY COUNCIL  
POLICY STATEMENT  
PRELICENSING EDUCATION PROVIDER APPROVAL

Act 840 of the 1988 Louisiana Legislature established prelicensing education requirements for insurance agents. Certain classifications of approved providers are established in R.S. 22:1191 paragraph C:

C. Each registered insurance agent prelicensing program shall be conducted by one of the following:

- (1) An insurance trade association;
- (2) An insurance company admitted to do business in Louisiana;
- (3) An accredited public or private college or university; or
- (4) An organization recommended by the Insurance Education Advisory Council and certified by the Commissioner of Insurance;

This policy statement is designed to establish and clarify the policy of the Insurance Education Advisory Council for approval of organizations under R.S. 22:1191(C)(4).

The Act specifically provides for the approval of "(2). An insurance company admitted to do business in Louisiana" as a provider for prelicensing education services. To qualify for approval under this section the provider must be licensed as an admitted insurance company in Louisiana. Agents, brokers, surplus line brokers, general agents, managing general agents, or any other agent representatives of insurance companies will not be approved under this section of the Act. These various types of agent representatives may act as instructors for an approved insurance company education program. However, the approved insurance company will be fully responsible for the operations of the prelicensing education program.

The Insurance Education Advisory Council will approve independent providers of prelicensing education services under R.S. 22:1191(C)(4). It is the policy of the IEAC to promote and encourage competition between quality providers of prelicensing education services. Independent providers must meet all qualifications under the established administrative rules and maintain a high quality education service. The IEAC may audit such providers to ensure compliance with established guidelines.



However, the IEAC will not approve agents, brokers, surplus line brokers, general agents, managing general agents or any other organization operating primarily as a licensed agency, as approved providers of preclicensing education services. The IEAC considers the approval of such organizations to be a conflict of interest.

This statement is intended to provide an explanation and guideline for IEAC policy. The IEAC reserves the right to review individual cases. The IEAC also reserves the right to modify policy as future developments in the industry may dictate.

#### CERTIFICATION

I, \_\_\_\_\_, acting as (Director of Training, or Supervising Instructor and/or owner of) \_\_\_\_\_ do hereby certify and agree to abide with the provisions of the Insurance Education Advisory Council Policy Statement regarding preclicensing education provider approval as applied to R.S. 22:1191(C)(4).

Signed

Notarized

Witnesses